

Message Text

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C O N F I D E N T I A L STATE 129312

E.O. 11652: GDS

TAGS: MASS, IR, NL, US

SUBJECT: DUTCH FRIGATES FOR IRAN

REFS: STATE 107404; THE HAGUE 2013

1. NETHERLANDS AMBASSADOR TAMMENOMS BAKKER ACCOMPANIED BY
DEFATT ADM. BINNENDIJK AND FIRST SECRETARY VOS CALLED ON
UNDER SECRETARY BENSON MAY 18 TO EMPHASIZE IMPORTANCE TO
HIS GOVERNMENT OF AN EARLY AND POSITIVE DECISION ON LICENS-
ING THE HARPOON MISSILE SYSTEM AND OTHER EQUIPMENT FOR THE
EIGHT FRIGATES THE DUTCH WISH TO SELL IRAN. AMBASSADOR
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BAKKER MADE A FORMAL REQUEST FOR A "PROVISIONAL" US RE-
SPONSE BY JUNE 1 WHICH HE CLAIMS IS NEEDED FOR CONTRACT
SIGNATURE IN JULY. BAKKER SAID THAT US WEAPONRY WAS A
SINE QUA NON FOR THE CONTRACT.

2. BAKKER EMPHASIZED THE IMPORTANCE OF THE DEAL TO THE
DUTCH BY SAYING THE DUTCH SHIPBUILDING INDUSTRY WAS GOING

THROUGH A VERY DIFFICULT PERIOD AND THIS ORDER WAS VIRTUALLY "A MATTER OF LIFE AND DEATH" TO A MAJOR SEGMENT OF THE INDUSTRY. HE SAID SHIPBUILDING WAS RECEIVING HUGE SUBSIDIES FROM THE DUTCH GOVERNMENT AND THE PLIGHT OF THE INDUSTRY WAS GETTING HEAVY PUBLICITY. THE CONTINUED EMPLOYMENT OF SHIPBUILDERS WAS THEREFORE POLITICALLY VERY SENSITIVE. AMBASSADOR BAKKER SAID HE UNDERSTOOD THE US NAVY WAS REVIEWING THE REQUEST AND ASKED IF THE STATE DEPARTMENT COULD EXPEDITE MATTERS.

3. UNDER SECRETARY BENSON CONFIRMED THAT THE DEPARTMENT NEEDED THE RESULTS OF THE NAVY REVIEW BEFORE TAKING POLICY DECISIONS. SHE UNDERTOOK TO CHECK ON ITS STATUS AND SEE IF IT COULD BE EXPEDITED. SHE EXPLAINED THAT WE HAD TWO MAJOR PROBLEMS. ONE WAS THAT THE PROPOSED SALE WOULD HAVE TO FIT UNDER THE MILITARY SALES CEILING ESTABLISHED BY THE PRESIDENT'S ARMS CONTROL POLICY. MRS. BENSON SAID THAT IT WAS BECOMING INCREASINGLY APPARENT THAT WE WOULD HAVE FAR MORE REQUESTS FOR ARMS TRANSFERS THAN COULD BE ACCOMMODATED WITHIN THE FY 1979 CEILING, ALTHOUGH THE PRESIDENT HAD NOT YET DETERMINED THE NEXT YEAR'S CEILING FIGURE. SECONDLY, WE WOULD ALSO HAVE TO EXAMINE THE DUTCH PROPOSAL WITHIN THE CONTEXT OF OUR ARMS TRANSFER RESTRAINT POLICY GUIDELINES.

4. AMBASSADOR BAKKER SAID THAT THE CEILING ARGUMENT WOULD
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NOT GO OVER WELL IN A COUNTRY AS WELL INFORMED AS HOLLAND SINCE THE SUMS INVOLVED FOR THE ARMAMENTS FOR THE EIGHT DUTCH FRIGATES -- EVEN ADDED TO THE FOUR THE FRG MIGHT PRODUCE -- WERE SO SMALL COMPARED TO THE VAST SALES THE US MAKES DIRECTLY TO "IRAN, JAPAN, SAUDI ARABIA, AND ISRAEL." MRS. BENSON NOTED THAT THE SALE WOULD NOT BE INSIGNIFICANT. WE HAD PRELIMINARY INDICATIONS THAT THE PROPOSED SALE MIGHT AMOUNT TO HUNDREDS OF MILLIONS OF DOLLARS. AMBASSADOR BAKKER APPEARED TAKEN ABACK BY THE SUM BUT SAID EVEN SUCH FIGURES WERE INSIGNIFICANT COMPARED TO THE POLITICAL, ECONOMIC AND SOCIAL CONSIDERATIONS.

5. IN CLOSING AMBASSADOR BAKKER ASKED FOR AND RECEIVED ASSURANCES THAT IF THE US DID DECIDE NOT TO LICENSE THE HARPOONS FOR THE DUTCH SALE, THE US WOULD NOT LICENSE THEM FOR FRIGATES SOLD BY ANY OTHER SUPPLIER, OR SELL THE SYSTEMS DIRECTLY TO IRAN FOR INSTALLATION ON FRIGATES. VANCE

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